

## Message Text

SECRET

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43

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 INR-05

CIAE-00 OMB-01 TRSE-00 L-01 PM-03 DODE-00 /037 W

----- 067363

R 010730Z OCT 75

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 9658

INFO AMEMBASSY LUSAKA

AMEMBASSY NAIROBI

S E C R E T DAR ES SALAAM 4510

LIMDIS

NOFORN

E.O.11652: XGDS-2

TAGS:ECON, EFIN, TZ

SUBJECT: TANZANIA FACES CONTINUED BOP GAP

REF: DAR 918 AND LUSAKA 550

1. A SENSITIVE SOURCE PROVIDED US WITH A REPORT FORECASTING TANGOV'S  
BALANCE OF PAYMENTS (BOP)  
SITUATION FOR FOURTH QUARTER OF CALENDAR  
1975. REPORT, DATED SEPTEMBER 16, WAS PREPARED BY BANK OF TANZANIA  
AND IS BEING VERY CLOSELY HELD. HIGHLIGHTS OF REPORT FOLLOW.

2. FOR OCTOBER-DECEMBER 1975 PERIOD, BANK FORECASTS \$74 MILLION  
CURRENT ACCOUNT DEFICIT AND OVERALL UNCOVERED GAP IN BOP OF \$23  
MILLION. REPORT ASSUMES PICK-UP IN EXPORTS, \$6.3 MILLION DRAWING  
ON IMF STAND-BY, \$7 MILLION OIL LOAN FROM ARAB LEAGUE AND \$35  
MILLION IN AID-FINANCED IMPORTS.

3. REPORT NOTES THAT PAYMENTS GAPS OF FIRST TWO QUARTERS OF THIS  
YEAR WERE COVERED BY WORLD BANK PROGRAM LOAN AND BY SPECIAL  
ARRANGEMENT WITH BANK OF ZAMBIA. HUGE THIRD QUARTER GAP WAS  
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FINANCED BY \$25 MILLION DRAW-DOWN FROM IMF OIL FACILITY. DURING

1975, TANZANIA'S EXPORTS HAVE DECLINED IN VOLUME AND PRICE.

4. SINCE FOURTH QUARTER GAP CANNOT BE FINANCED BY CURRENT LIMITED RESERVES, AND URGENCY OF PROBLEM DOES NOT ALLOW TIME FOR NEGOTIATION FOR NORMAL LINES OF BOP SUPPORT, REPORT SUGGESTS ARRANGEMENT WITH SOME OTHER FRIENDLY COUNTRY SIMILAR TO THAT WITH BANK OF ZAMBIA LAST YEAR.

5. SOURCE COMMENT: GOVERNOR OF BANK AND MINISTER ECONOMIC AFFAIRS REQUESTED PRESIDENT'S PERMISSION TO ASK SWEDEN AND DENMARK FOR A CENTRAL BANK LOAN TO MAKE UP THE FORECASTED GAP. NYERERE SAID HE WOULD MAKE DECISION ON ANY SUCH APPROACH AFTER ELECTIONS (END OF OCTOBER).

6. EMBASSY COMMENT: BASED ON RECENT CONVERSATIONS WITH TANGOV OFFICIALS, BANK OF TANZANIA ECONOMIC BULLETIN FOR MARCH 1975, AND IMF STUDIES OF AUGUST, EMBASSY AGREES WITH PROJECTIONS AND ASSUMPTIONS CONTAINED IN ABOVE REPORT. WE ESTIMATE TANZANIA'S CURRENT GROSS FOREIGN EXCHANGE RESERVES AT EQUIVALENT OF ABOUT TWO WEEKS IMPORT COVER.  
CARTER

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NNN

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC STABILITY, BALANCE OF PAYMENTS, ECONOMIC TRENDS, FOREIGN EXCHANGE RATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 OCT 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** woolflhd  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**TAGS:** ECON, EFIN, TZ  
**To:** STATE  
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